

1 PAUL J. PASCUZZI, State Bar No. 148810  
JASON E. RIOS, State Bar No. 190086  
2 THOMAS R. PHINNEY, State Bar No. 159435  
FELDERSTEIN FITZGERALD

3 WILLOUGHBY PASCUZZI & RIOS LLP  
4 500 Capitol Mall, Suite 2250  
Sacramento, CA 95814  
5 Telephone: (916) 329-7400  
Facsimile: (916) 329-7435  
6 Email: ppascuzzi@ffwplaw.com  
jrios@ffwplaw.com  
7 tphinney@ffwplaw.com

8 ORI KATZ, State Bar No. 209561  
9 ALAN H. MARTIN, State Bar No. 132301  
SHEPPARD, MULLIN, RICHTER & HAMPTON LLP  
10 A Limited Liability Partnership  
Including Professional Corporations  
11 Four Embarcadero Center, 17<sup>th</sup> Floor  
12 San Francisco, California 94111-4109  
Telephone: (415) 434-9100  
13 Facsimile: (415) 434-3947  
Email: okatz@sheppardmullin.com  
14 amartin@sheppardmullin.com

15 Attorneys for The Roman Catholic Archbishop of  
16 San Francisco

17 UNITED STATES BANKRUPTCY COURT

18 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

19 In re  
20 THE ROMAN CATHOLIC ARCHBISHOP  
OF SAN FRANCISCO,

21 Debtor and  
22 Debtor in Possession.

Case No. 23-30564

Chapter 11

**REPLY TO OBJECTION OF THE UNITED  
STATES TRUSTEE TO DEBTOR'S  
MOTION TO EMPLOY AND  
COMPENSATE ORDINARY COURSE  
PROFESSIONALS (ECF No. 114)**

24 Date: October 12, 2023  
25 Time: 1:30 p.m.  
Location: Via ZoomGov  
26 Judge: Hon. Dennis Montali

1 The Roman Catholic Archbishop of San Francisco (“RCASF” or “Debtor”), the debtor and  
2 debtor in possession in the above-captioned chapter 11 case (the “Bankruptcy Case”), hereby  
3 submits this Reply to the Objection of the United States Trustee to Debtor’s Motion to Employ and  
4 Compensate Ordinary Course Professionals (ECF No. 114). See Dkt. No. 174.

5 Attached to this Reply is a redline version of the proposed order for the Motion showing the  
6 Debtor’s requested modifications to the proposed order. Contemporaneously with this Reply the  
7 Debtor has filed the Supplemental Declaration of Joseph J. Passarello in support of the Motion. The  
8 Debtor has met and conferred with counsel for the United States Trustee and understands that the  
9 modifications to the proposed order together with the Supplemental Passarello Declaration satisfy  
10 the United States Trustee’s objections.

11 Dated: October 5, 2023

FELDERSTEIN FITZGERALD WILLOUGHBY  
PASCUZZI & RIOS LLP

13 By: /s/ Paul J. Pascuzzi  
14 PAUL J. PASCUZZI  
15 JASON E. RIOS  
THOMAS R. PHINNEY

16 Attorneys for The Roman Catholic Archbishop of  
San Francisco

18 Dated: October 5, 2023

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

20 By: /s/ Ori Katz  
21 ORI KATZ  
ALAN H. MARTIN

22 Attorneys for The Roman Catholic Archbishop of  
San Francisco

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Exhibit A  
Redline Proposed Order

1 PAUL J. PASCUZZI, State Bar No. 148810  
JASON E. RIOS, State Bar No. 190086  
2 THOMAS R. PHINNEY, State Bar No. 159435  
FELDERSTEIN FITZGERALD  
3 WILLOUGHBY PASCUZZI & RIOS LLP  
500 Capitol Mall, Suite 2250  
4 Sacramento, CA 95814  
Telephone: (916) 329-7400  
5 Facsimile: (916) 329-7435  
Email: ppascuzzi@ffwplaw.com  
6 jrios@ffwplaw.com  
tphinney@ffwplaw.com  
7

8 ORI KATZ, State Bar No. 209561  
ALAN H. MARTIN, State Bar No. 132301  
9 SHEPPARD, MULLIN,  
RICHTER & HAMPTON LLP  
10 A Limited Liability Partnership  
Including Professional Corporations  
11 Four Embarcadero Center, 17<sup>th</sup> Floor  
San Francisco, CA 94111  
12 Telephone: (415) 434-9100  
Facsimile: (415) 434-3947  
13 Email: okatz@sheppardmullin.com  
amartin@sheppardmullin.com  
14

15 ~~Proposed~~ Attorneys for  
The Roman Catholic Archbishop of San Francisco

16 UNITED STATES BANKRUPTCY COURT  
17 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

18 In re:  
19 THE ROMAN CATHOLIC ARCHBISHOP  
20 OF SAN FRANCISCO,

21 Debtor and  
22 Debtor In Possession.

~~CASE NO.~~ Case No. 23-30564

Chapter 11

**ORDER PURSUANT TO 11 U.S.C. §§ 105(a),  
327, 328, and 330 AUTHORIZING THE  
DEBTOR TO EMPLOY AS OF THE  
PETITION DATE AND PROVIDE  
COMPENSATION TO PROFESSIONALS  
USED IN THE ORDINARY COURSE OF  
BUSINESS [11 U.S.C. §§ 105(a), 327, 328, and  
330]**

25 Date: October 12, 2023  
26 Time: 1:30 p.m.  
Place: Via ZoomGov  
Judge: Hon. Dennis Montali

27 ///

28 ///

1 Upon the Motion, dated September 14, 2023 (the “Motion”<sup>1</sup>) of the Roman Catholic  
2 Archbishop of San Francisco as debtor and debtor in possession (“RCASF” or “Debtor”) in the  
3 above-captioned chapter 11 case (the “Bankruptcy Case”), pursuant to sections 105(a), 327, 328,  
4 330, 363(b) and 1108, of title 11 of the United States Code (the “Bankruptcy Code”), for entry of  
5 an order authorizing, but not directing, the Debtor to (i) establish certain procedures to retain and  
6 compensate those professionals that the Debtor employs in the ordinary course of business  
7 (collectively, the “Ordinary Course Professionals”), effective as of the Petition Date (as defined  
8 below), without (a) the submission of separate retention applications or (b) the issuance of separate  
9 retention orders by the Court for each individual Ordinary Course Professional; and (ii) compensate  
10 and reimburse Ordinary Course Professionals without individual fee applications, all as more fully  
11 set forth in the Motion; and good cause appearing therefor;

12 **IT IS HEREBY ORDERED THAT:**

13 1. The Motion is granted as provided herein.  
14 2. The Debtor is authorized, but not directed, to employ the Ordinary Course  
15 Professionals listed on Exhibit 1 hereto in the ordinary course of its business in accordance with the  
16 following procedures (the “Procedures”), effective as of the Petition Date:

- 17 (i) Within thirty (30) days after the later of (a) the entry of an order granting this  
18 Motion and (b) the date on which an Ordinary Course Professional commences  
19 services for the Debtor, each Ordinary Course Professional will provide the  
20 following to the Debtor’s attorneys: (1) a declaration (the “OCP Declaration”),  
21 substantially in the form annexed to this Order as Exhibit 2, certifying that the  
22 Ordinary Course Professional does not represent or hold any interest adverse to  
23 the Debtor or its estate with respect to the matter(s) on which such professional  
24 is to be employed, and (2) a completed retention questionnaire (the “Retention  
25 Questionnaire”), substantially in the form annexed to this Order as Exhibit 3.
- 26 (ii) Upon receipt of a completed OCP Declaration and Retention Questionnaire, the  
27 Debtor will file the same with the Court and serve copies on (a) the United States  
28 Trustee for Region 17 (the “U.S. Trustee”), (b) counsel for the official  
committee appointed in this Bankruptcy Case (“Committee”), and (c) parties  
that have requested special notice who have elected to receive notice  
electronically via ECF or otherwise (collectively, the “Reviewing Parties”).
- (iii) If a party wishes to object to the retention of an Ordinary Course Professional,

<sup>1</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such terms in the Motion.

1 such party shall, within fifteen (15) days after the filing of the applicable OCP  
2 Declaration (the “Retention Objection Deadline”), file with the Court and serve  
3 on (a) the attorneys for the Debtor and (b) the relevant Ordinary Course  
4 Professional (together, the “Objection Recipients”) a written objection stating  
5 the legal and/or factual bases for such objection. If no objection to the retention  
6 of an Ordinary Course Professional is filed with the Court and served on the  
7 Objection Recipients before the Retention Objection Deadline, the retention and  
8 employment of such professional shall be deemed approved without further  
9 order of the Court.

10 (iv) If a timely objection to the retention of an Ordinary Course Professional is filed  
11 with the Court and served on the Objection Recipients, and such objection  
12 cannot be resolved within fourteen (14) days after the Retention Objection  
13 Deadline, the Debtor will file a notice of hearing and schedule the matter for  
14 adjudication by the Court at the next available hearing that is at least seven (7)  
15 days from the date of such notice.

16 (v) No Ordinary Course Professional may be paid any amount for invoiced fees and  
17 expenses until the Ordinary Course Professional has been retained in accordance  
18 with these Procedures.

19 (vi) The Debtor is authorized to retain any Ordinary Course Professional and to  
20 compensate such Ordinary Course Professional, without separate application to  
21 the Court, 100% of the fees and reimburse 100% of the expenses incurred upon  
22 the submission to, and approval by, the Debtor of an appropriate invoice setting  
23 forth in reasonable detail the nature of the services rendered and expenses  
24 actually incurred (without prejudice to the Debtor’s right to dispute any such  
25 invoices); *provided, however*, that the Ordinary Course Professional’s total  
26 compensation and reimbursements to be paid without separate application shall  
27 not exceed ~~\$4512,000~~ for each month starting from the first full month following  
28 the Petition Date (the “OCP Monthly Cap”) and/or shall not exceed ~~\$4536,000~~  
for each quarter (the “OCP Quarterly Cap”);<sup>2</sup> *provided further, however*, the  
Debtor’s auditors, financial advisors and recruiters who are paid at certain  
milestones or quarterly instead of monthly may receive regular payments greater  
than ~~\$4512,000~~ as set forth in Exhibit 1 to the Proposed Order, including which  
currently are comprised of an annual audit fee of approximately \$132,000  
payable to BPM LLP and an executive search recruiting fee of approximately  
\$80,000.

(vii) To the extent an Ordinary Course Professional’s total compensation and  
reimbursements are less than the OCP Monthly Cap, the amount by which such  
compensation and reimbursements are below the OCP Monthly Cap may be  
carried over to successive periods.

(viii) In the (unanticipated) event that an Ordinary Course Professional’s fees and  
expenses exceed the OCP Monthly Cap for any month during this Bankruptcy  
Case: (a) the Debtor may pay the Ordinary Course Professional’s fees and  
expenses owed for such month up to the OCP Monthly Cap; and (b) for each  
such month, the Ordinary Course Professional may file with the Court a fee

<sup>2</sup> The Ordinary Course Professional who are paid pursuant to monthly invoices shall be subject to the Monthly and Quarterly Caps. The Ordinary Course Professional who are paid in installments or flat fees may be paid in excess of the Monthly Cap provided the payments do not exceed the Quarterly Cap e.g. Beacon Point, Grant Thornton, Global Retirement, and Korn Ferry.

1 application, to be heard on notice, on account of the fees and expenses ~~in excess~~  
2 ~~of~~ including fees and expense below the OCP Monthly Cap) and apply for  
3 compensation and reimbursement of such amount in compliance with sections  
330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy  
Local Rules.

4 (ix) Within thirty (30) days of the end of each quarterly period, the Debtor will file  
5 a statement with the Court and serve the same on the Reviewing Parties,  
6 certifying the Debtor's compliance with the terms of the relief requested herein.  
7 The statement shall include for each Ordinary Course Professional (a) the name  
of such Ordinary Course Professional, and (b) for each quarterly period, the  
aggregate amounts paid as compensation for services rendered and as  
reimbursement of expenses incurred by such professional.

8 (x) If the Debtor seeks to retain an Ordinary Course Professional not already listed  
9 on Exhibit 1 to this Order, the Debtor will file with the Court and serve on the  
10 Reviewing Parties a notice listing those additional Ordinary Course  
11 Professionals to be added to the initial list of Ordinary Course Professionals (the  
12 "OCP List Supplement"), along with the attendant OCP Declarations and  
Retention Questionnaires.

13 (xi) If a party wishes to object to the retention of an Ordinary Course Professional  
14 listed on an OCP List Supplement, such party shall, within fifteen (15) days after  
15 the filing of the applicable OCP List Supplement, file with the Court and serve  
16 on the Objection Recipients a written objection stating the legal and/or factual  
bases for such objection. If no timely objection to the retention of an Ordinary  
Course Professional listed on an OCP List Supplement is filed with the Court  
and served on the Objection Recipients, the retention and employment of such  
professional shall be deemed approved without further order of the Court. Any  
Ordinary Course Professional retained pursuant to an OCP List Supplement will  
be paid in accordance with the terms and conditions set forth in these Procedures.

17 3. The form of OCP Declaration and Retention Questionnaire are approved.

18 4. Nothing contained in the Motion or this Order, nor any payment made pursuant to  
19 the authority granted by this Order, is intended to be or shall be construed as (i) an admission as to  
20 the validity of any claim against the Debtor, (ii) a waiver of the Debtor's or any appropriate party  
21 in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtor ,  
22 (iii) a waiver of any claims or causes of action which may exist against any creditor or interest  
23 holder, or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease,  
24 program, or policy between the Debtor and any third party under section 365 of the Bankruptcy  
25 Code. Entry of this Order and approval of the Procedures shall not affect the Debtor's ability to (i)  
26 dispute any invoice submitted by an Ordinary Course Professional or (ii) retain additional Ordinary  
27 Course Professionals from time to time as needed, and the Debtor reserves all of their rights with  
28 respect thereto.

1           5.       Nothing herein shall create, nor is intended to create, any rights in favor of or enhance  
2 the status of any claim held by any party.

3           6.       The Debtor is authorized to take all steps necessary or appropriate to carry out this  
4 Order.

5 ##

6           7.       This Court shall retain jurisdiction to hear and determine all matters arising from or  
7 related to the implementation, interpretation, or enforcement of this Order.

8                               \*\* END OF ORDER \*\*

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Court Mailing List

[ECF Participants](#)